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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

### Division of Oil, Gas & Mining

MICHAEL R. STYLER  
Executive Director

JOHN R. BAZA  
Division Director

### Inspection Report Minerals Regulatory Program

Report Date May 26, 2006

Supervisor 

**Mine Name:** Bonanza  
**Operator Name:** American Gilsonite

**Permit number:** M0470010  
**Inspection Date:** April 12-13, 2006  
**Time:** 11:30 AM on April 12 to 11:30 AM on April 13

**Inspector(s):** Paul Baker and Doug Jensen  
**Other Participants:** Jared Jackson, American Gilsonite  
**Mine Status:** Active

**Weather:** Mostly clear

| Elements of Inspection   | Evaluated                           | Comment                  | Enforcement              |
|--|-------------------------------------|--------------------------|--------------------------|
| 1. Permits, Revisions, Transfer, Bonds   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Public Safety (shafts, adits, trash, signs, highwalls)                      | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Protection of Drainages / Erosion Control                                   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Deleterious Material  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Roads (maintenance, surfacing, dust control, safety)                        | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Concurrent Reclamation  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes) | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Water Impoundments  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Soils   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Revegetation   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Air Quality  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Other  | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/> |

#### Purpose of Inspection:

Our purpose was to examine each area of the mine, to see what equipment was at each site, and to see whether son areas could be released partially or fully. This was done partly for the periodic bond review and partly at the request of American Gilsonite (bond release request).

#### Inspection Summary:

The following table is a summary of the sites we visited, the photos taken of the sites on the photo attachment, and comments about each site.

| Site(s) | Photo(s)            | Comments  |
|---------|---------------------|---|
|         | First set of photos |   |
| LE5     | 1 & 2               | Reclaimed. We couldn't find a cap. It may have been backfilled with concrete, but there were some piping or rodent holes. Vegetation consists of cheatgrass, halogeton, sagebrush, and rabbitbrush.   |
| LE6     | 3                   | Reclaimed. Vegetation is mostly halogeton, cheatgrass and greasewood. Large, mounded cap. It looks like dirt was pulled back when the cap was installed but that it was never put back against the cap which we recommend to reduce piping. |
| LE7     | 4                   | Has equipment but not active.   |

|         |                               |  |
|---------|-------------------------------|--|
| LE10    |                               | Reclaimed. Similar vegetation to LE 16 and 19.   |
| LE16    | 5 & 6                         | Reclaimed. Vegetation mostly cheatgrass.   |
| LE19    | 7                             | Reclaimed. Vegetation mostly cheatgrass.   |
| LE20    | 8 & 9                         | Reclaimed. Some burrowing around edges of cap. Vegetation mostly cheatgrass.   |
| WH4     |                               | Active. The operator intends to put in an escapeway and reclaim the road to the top of the hill.   |
| WH10    | 10                            | Reclaimed. This site and WH11, 12, and 13 were all capped, and they were seeded in the late summer or fall of 2005. The caps were buried.                                  |
| WH11    | 11                            | See comments for WH10.   |
| WH12    | 12                            | See comments for WH10.   |
| WH13    | 13                            | See comments for WH10.   |
| WH17E   | 14                            | Active escapeway with no power.  |
| WH17    |                               | Active with full set of equipment.   |
| WH18    | 15 & 16                       | Active escapeway with headframe and hoist house.   |
|         | Starting second set of photos |  |
| B12     | 1                             | Reclaimed. Shaft under the road.   |
| B16     | 2 & 3                         | Inactive but with full set of equipment except hoist house and fan. AGC wants to bond as if hoist house and fan were present.  |
| B28     | 4                             | Partly reclaimed. Some footings still present, but cap has been poured.  |
| B38     | 5 & 6                         | Partly reclaimed. Most equipment gone; only the headframe and some scrap remain. There is an impoundment that looks like a sediment pond. This site is more than one acre. |
| B40     |                               | Reclaimed. Vegetation matches surrounding area well—possibly could release.  |
| B42     | 7                             | Partly reclaimed. Hoist house gone. No cap. Some equipment still present.  |
| B44     | 8                             | Inactive. Equipment still present except hoist house, fan, and compressor.   |
| I9 & 10 | 9, 10, & 11                   | Inactive. Nearly one full set of equipment, including a shop, but no hoist house.  |
| I12     | 12, 13, & 14                  | Active. 1.5-2 acres and includes an escapeway (I12).   |
| I15     | 15                            | Inactive. Hoist house and shaft present, but other equipment gone.   |
| I16     | 16 & 17                       | Reclaimed. Rebar in the cap is widely spaced (about 7 feet). Little vegetation.  |
| I18     | 18                            | Inactive. About 2 acres of disturbance. Two shop buildings, water tank, shaft with no hoist or headframe.  |
| I30     | 19 & 20                       | Inactive but will soon be active. Full set of equipment.   |
|         | Starting third set of photos  |  |
| E14     | 1                             | Inactive. Headframe and water tank with no hoist.  |
| E15     | 2                             | Inactive. Headframe and water tank with no hoist.  |
| E21     |                               | Landfill no longer being used. There was a chute, and garbage was dumped into the trench.  |
| E27     | 3                             | Inactive. Includes full set of equipment and a “bullet” escapeway (E28).   |
| E28     | 4                             | Inactive. Escapeway for E27.   |

|                        |                             |  |
|------------------------|-----------------------------|--|
| E29                    | 5 & 6                       | Inactive. Most equipment gone, including headframe. Shaft still present.   |
| E30                    | 7 & 8                       | Inactive. Shaft still present, but bin and headframe gone.   |
| E30W                   | 9 & 10                      | Inactive escapeway with hoist house and headframe. There are three ponds between E30 and E30W.   |
| E31                    | 11 & 12                     | Active with full set of equipment and a simple escapeway (essentially a hole in the ground).   |
| E32                    | 13                          | Active escapeway.  |
| H2                     | 14, 15, & 16                | Reclaimed. Shaft closed with polyurethane foam (PUF) with no signs of failure. Access road being used by gas companies. Perennial cover 5.1 percent in reclaimed area and 3.1 percent on ridge in undisturbed area. The roads leading to the site are driveable, and it appears they may receive use from an oil or gas company. |
| H10                    | 17 & 18                     | Reclaimed. Shaft closed with PUF with no signs of failure. Reclaimed area has 7.7 percent perennial cover, and undisturbed understory has 6.4 percent. Portions of the road being used for oil and gas development. Part of the road to this site (#15) is reclaimed, and part is being used to access an oil or gas well.       |
| R2                     | 19 & 20                     | Reclaimed. Shaft covered with 3 concrete slabs. Vegetation is mostly sagebrush from natural invasion.  |
| R4                     | 21 & 22                     | Reclaimed. Shaft sealed with PUF with no signs of failure. Perennial cover is about 40 percent in reclaimed area and about 50 percent in undisturbed areas. Road reclaimed.  |
|                        | Starting four set of photos |  |
| Explosives magazine    | 1                           |  |
| Reservoir              | 2                           | The reservoir is dry.  |
| Solar pad              | 3                           | The solar pad is used for drying Gilsonite.  |
| Crush plant            | 4                           |  |
| Pump station and ponds | 5                           | The pump station and ponds used to be used in slurring Gilsonite to Colorado, but the area is now used for storage.  |
| Wells                  | 6 & 7                       |  |
|                        |                             |  |

#### Conclusions and Recommendations:

The operator has requested full release for sites R2, R4, H2, H10, B40, LE5, LE10, LE16, LE19, and LE20, and has requested partial release for site WH12.

WH12 appears to be adequately reclaimed except for revegetation. I see no problem with giving the partial release the operator has requested. The site is on BLM land, so the Division will need to receive their concurrence.

I will recommend that sites R2, R4, H2, and H10 receive final release. According to my notes, site B40 still needs to be seeded in 2004. Although there may be enough vegetation cover to meet release criteria, it has not been three years since the site was seeded if this happened in 2004.

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M0470010

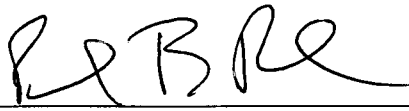
Facilities have been removed from the other sites, but the vegetation is predominantly cheatgrass. The Division could give a partial release but not a full release at this time. LE5 is on BLM land.

I recommend that remedial measures be taken to establish vegetation on sites LE5, LE10, LE16, LE19, and LE20. It is very difficult to establish perennial vegetation into cheatgrass-infested areas unless something is done to reduce cheatgrass competition.

There are a few alternatives for establishing vegetation in these areas. I recommend that the operator use a fall application of Plateau herbicide. The sites would be roughened followed immediately by seeding and application of Plateau at a low rate, probably about 2-3 ounces per acre. Plateau needs to be mixed with a methylated seed oil.

Another option would be to wait until the cheatgrass seed germinates, kill it with an herbicide or mechanical treatment, then seed.

We suggested that dirt be mounded to the edge of the cap at LE6.

Inspector's Signature  Date: 5/31/06

PBB:pb

cc: Jared Jackson, American Gilsonite  
Stan Perkes, BLM  
Will Stokes, SITLA

Attachment: Photos



## ATTACHMENT

### Photographs

M0470010, Bonanza Mine, American Gilsonite

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Photo 1. LE5. We found some evidence of piping or rodent burrows.

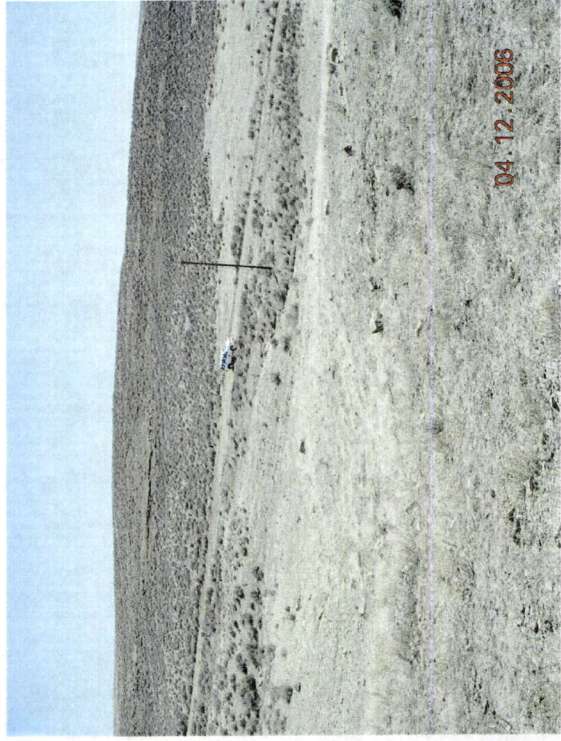


Photo 2. Overview of LE5 area.



Photo 3. LE6. We suggest dirt be pushed back to the edge of the cap.

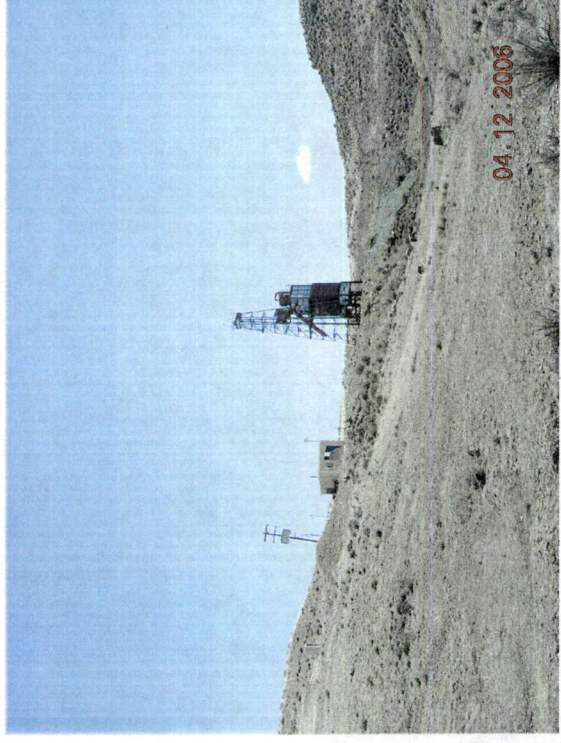


Photo 4. LE7.



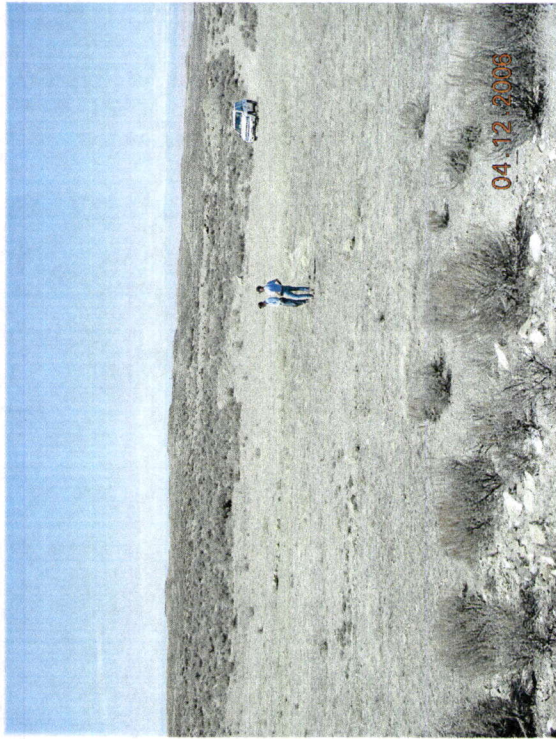


Photo 5. LE16.



Photo 6. LE16. We believe the shaft was here.

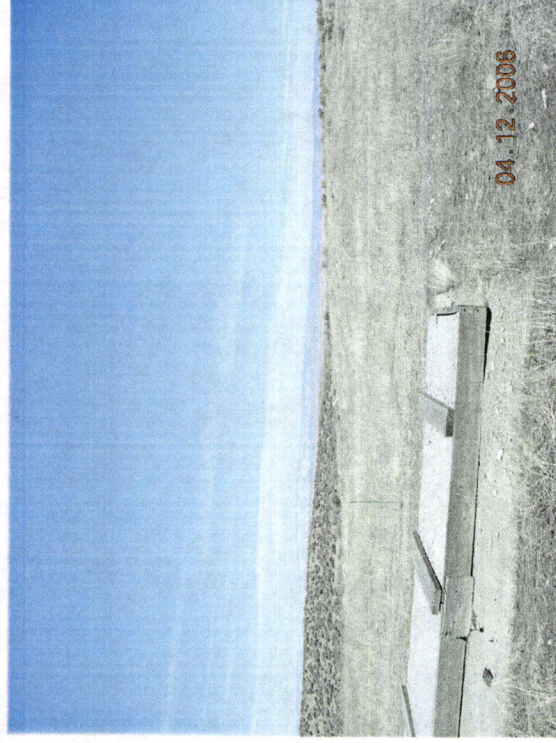


Photo 7. LE19.

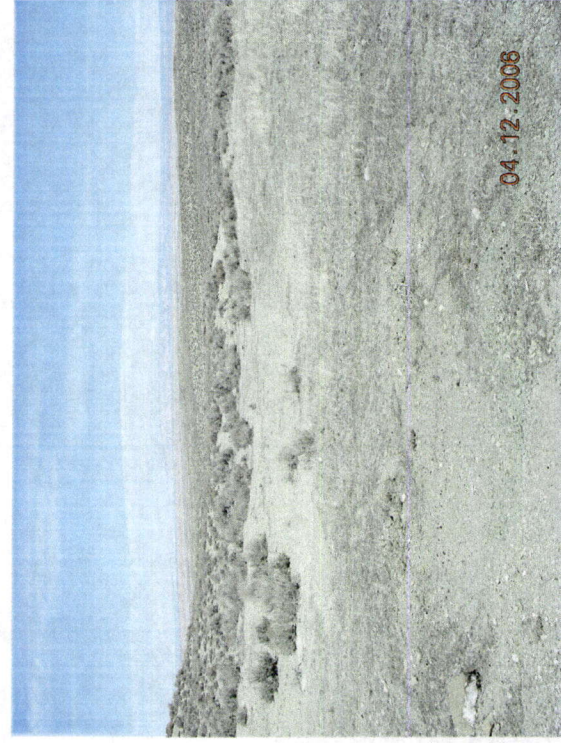


Photo 8. LE20.





Photo 9. LE20.

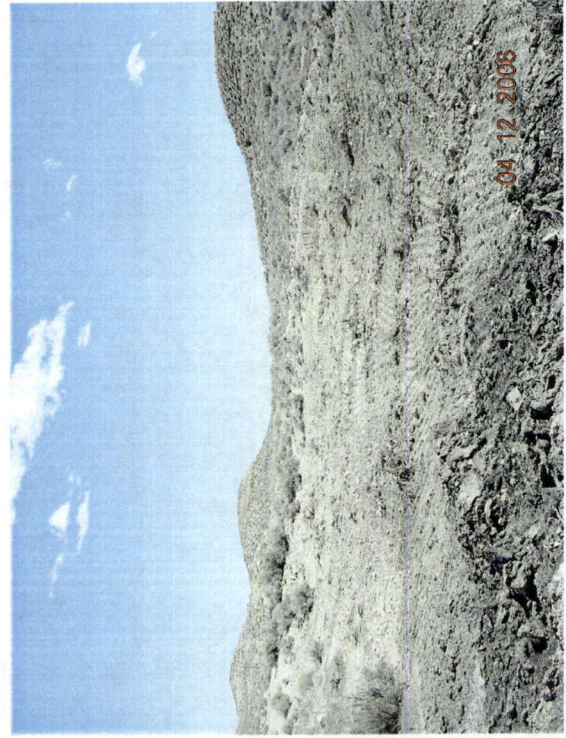


Photo 10. WH10.



Photo 11. WH11.

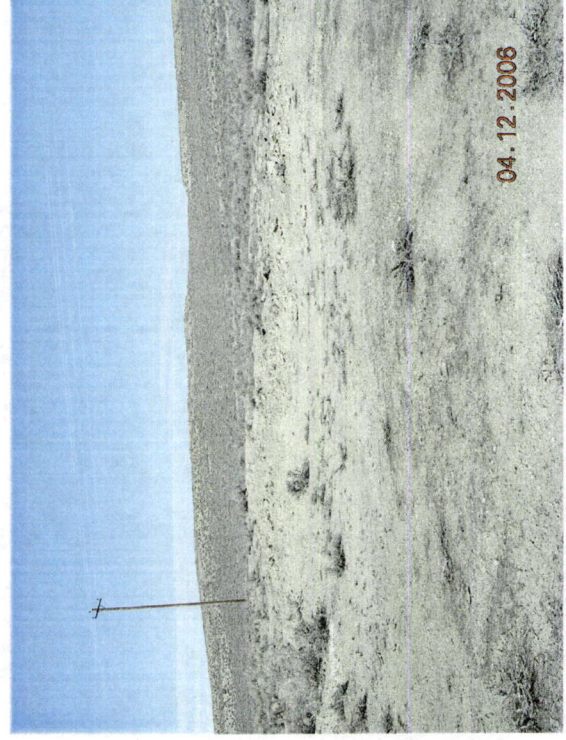


Photo 12. WH12.



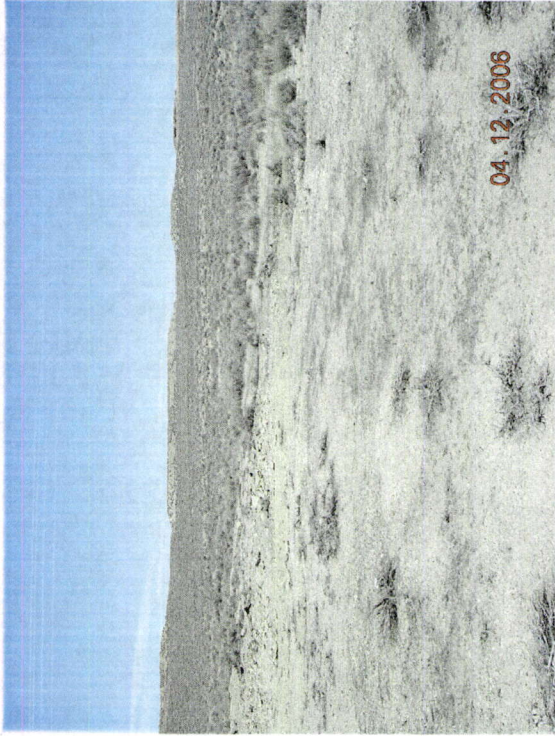


Photo 13. WH13.



Photo 15. WH18.

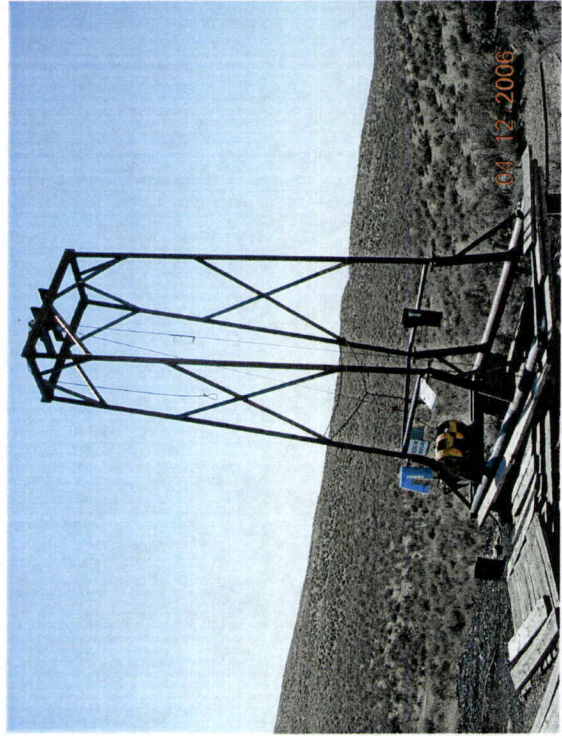


Photo 14. WH17E.

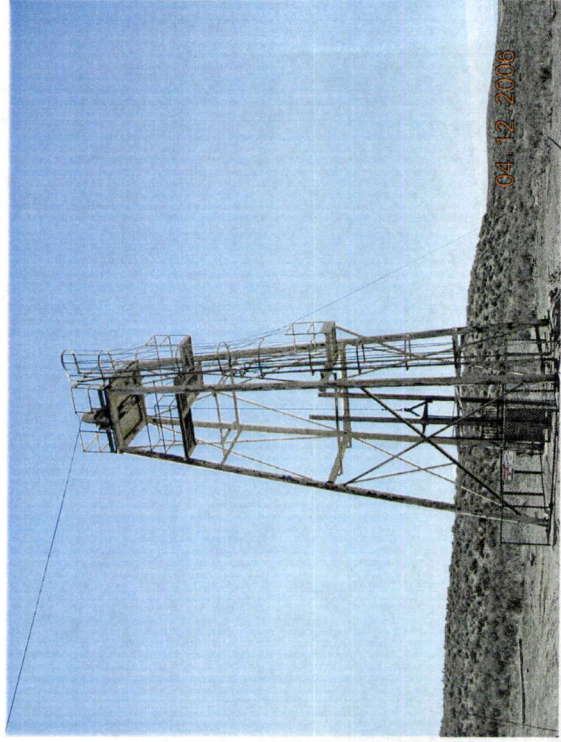


Photo 16. WH18.



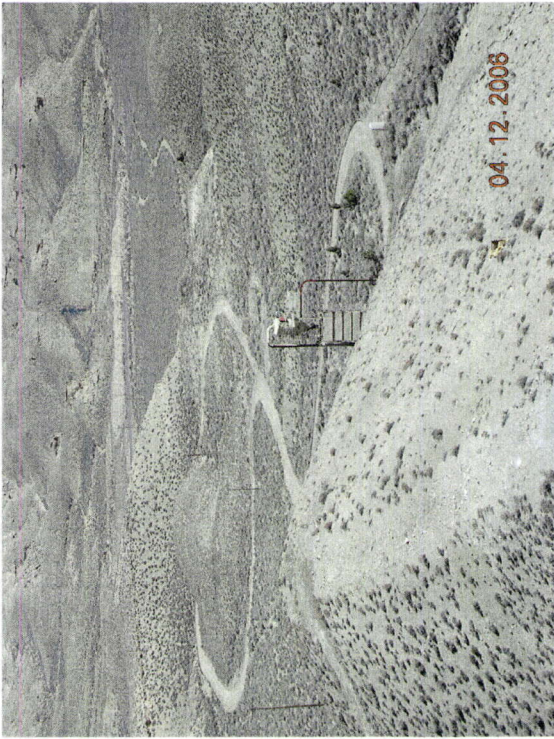


Photo 1. B12.



Photo 3. B16.

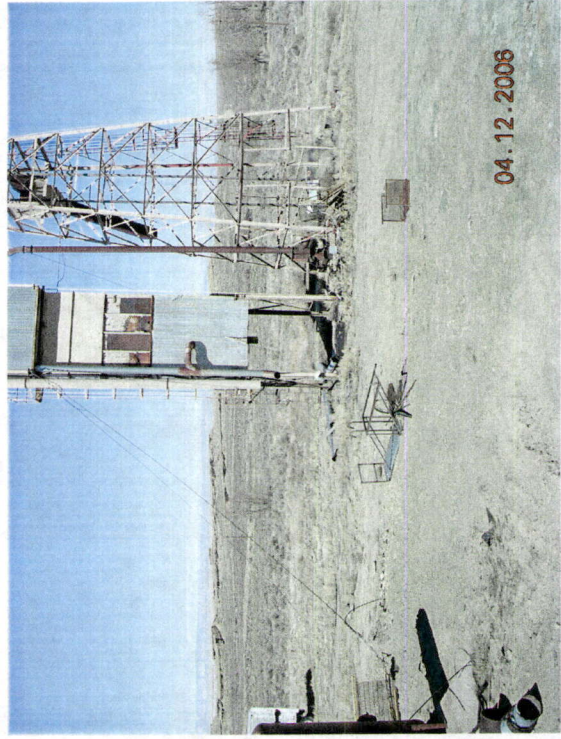


Photo 2. B16.



Photo 4. B28?





Photo 5. B38.

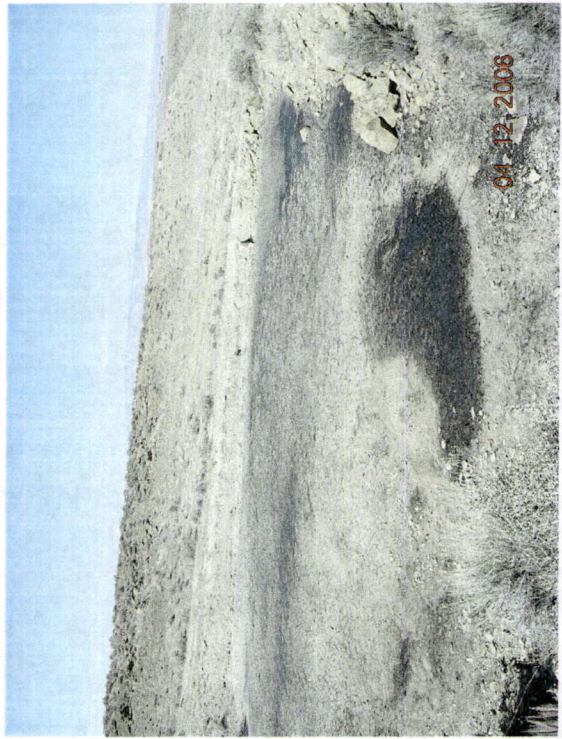


Photo 6. Sediment pond at B38.



Photo 7. B42.



Photo 8. B44.





Photo 9. I 9 & I 10.



Photo 10. I 9 & I 10.



Photo 11. I 9 & I 10.



Photo 12. I 12.





Photo 13. I 12.

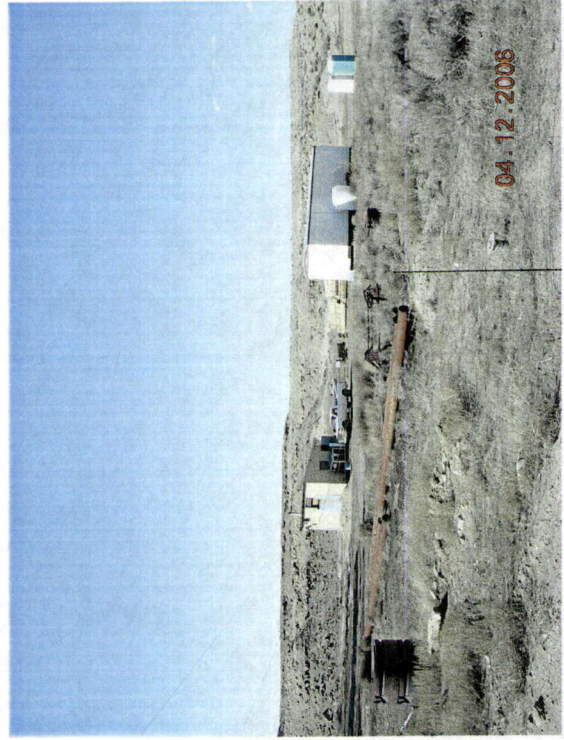


Photo 14. I 12.

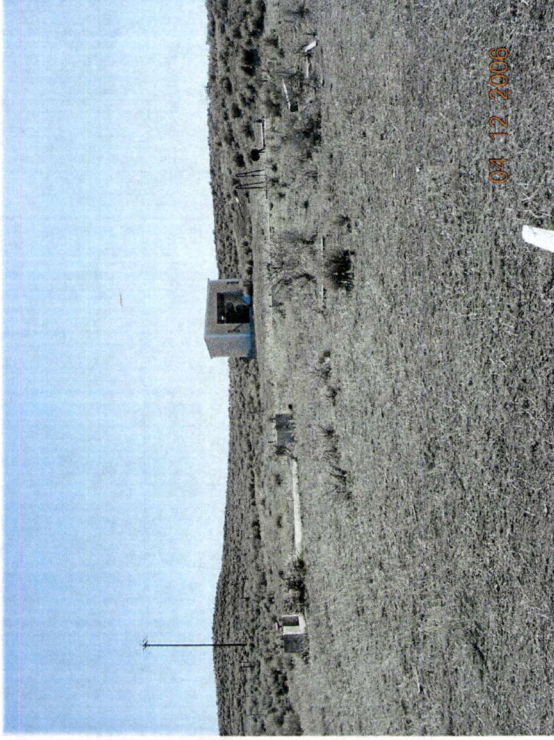


Photo 15. I 15.

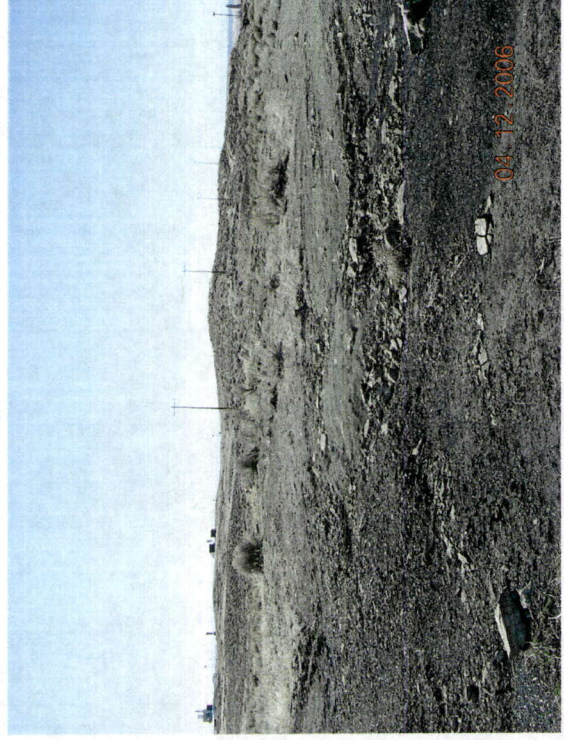


Photo 16. I 16.





Photo 17. I 16.

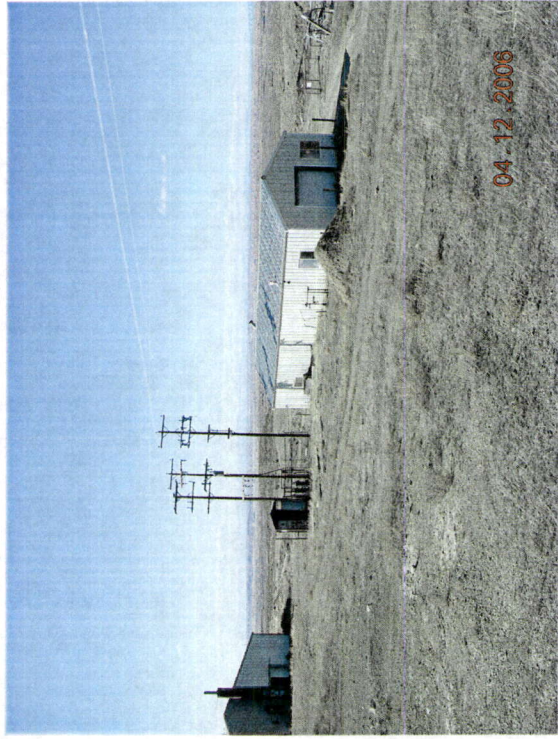


Photo 18. I 18.



Photo 19. I 30.

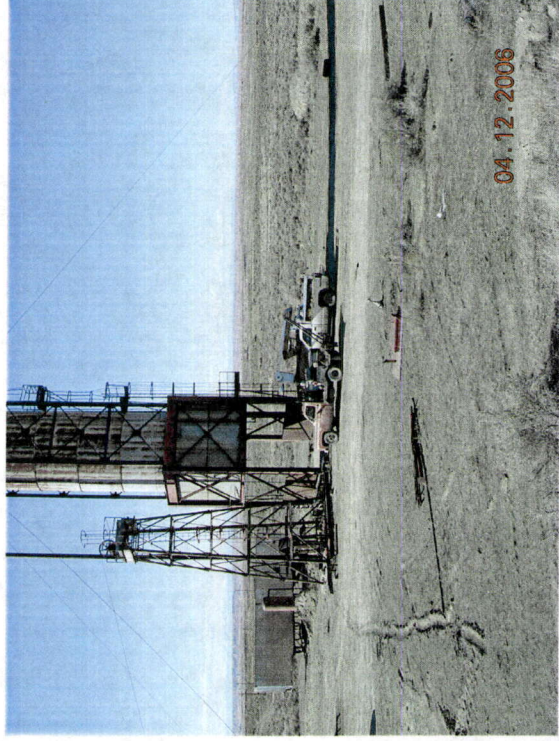


Photo 20. I 30.





Photo 1. E14.

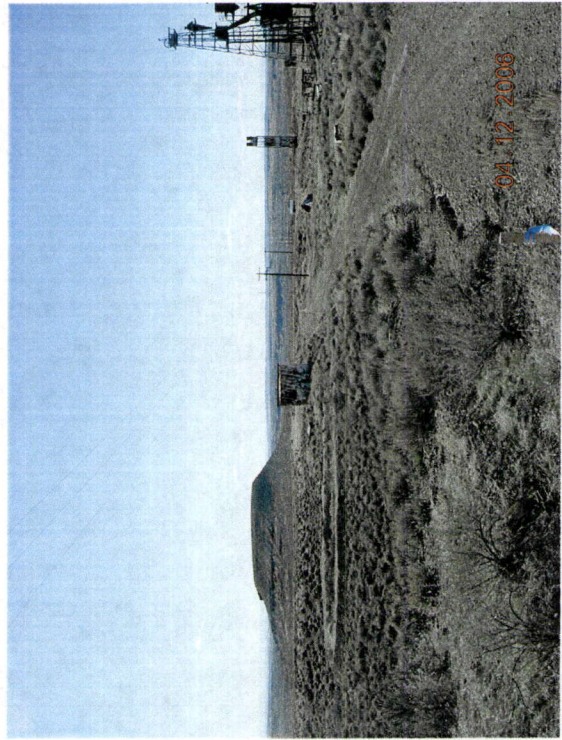


Photo 2. E15 with E14 in the background.

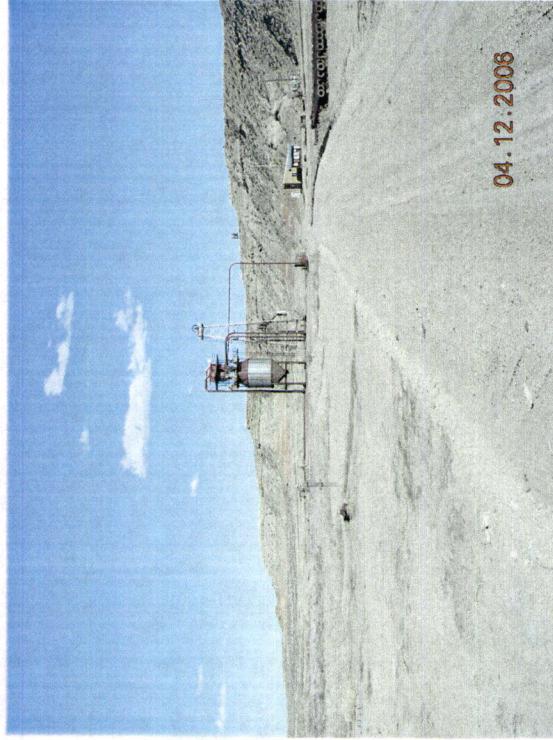


Photo 3. E27.

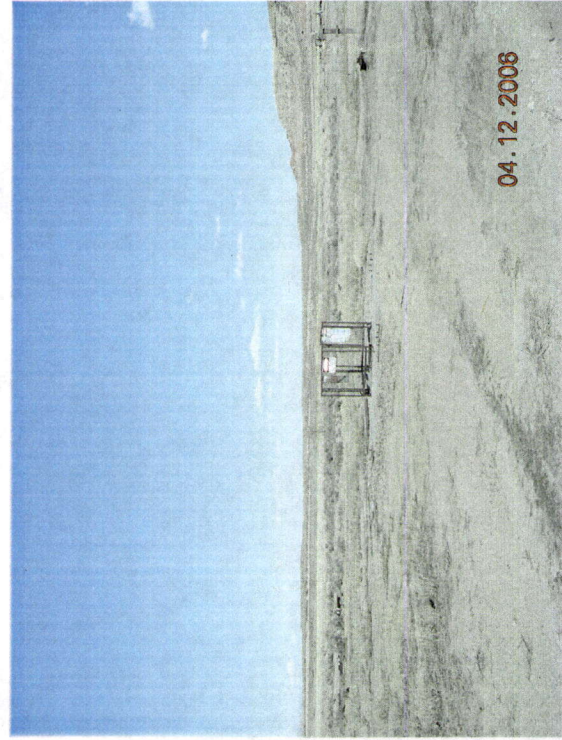


Photo 4. E28, escapeway for E27.





Photo 5. E29.



Photo 7. E30.

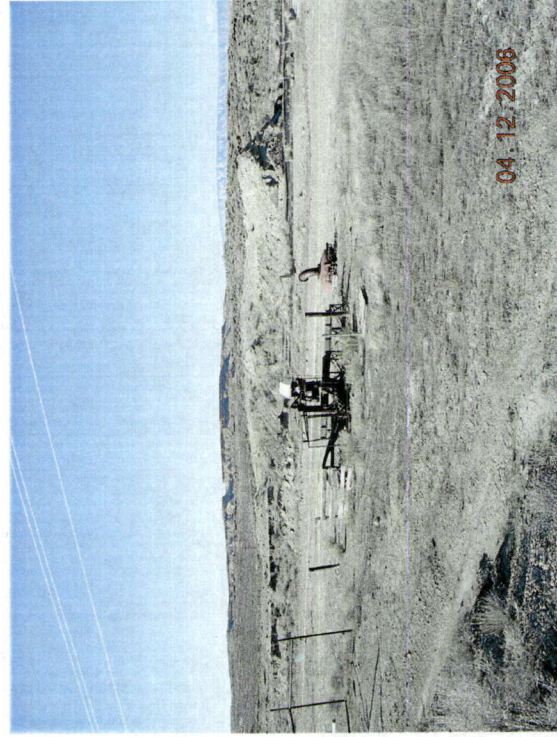


Photo 6. E29.

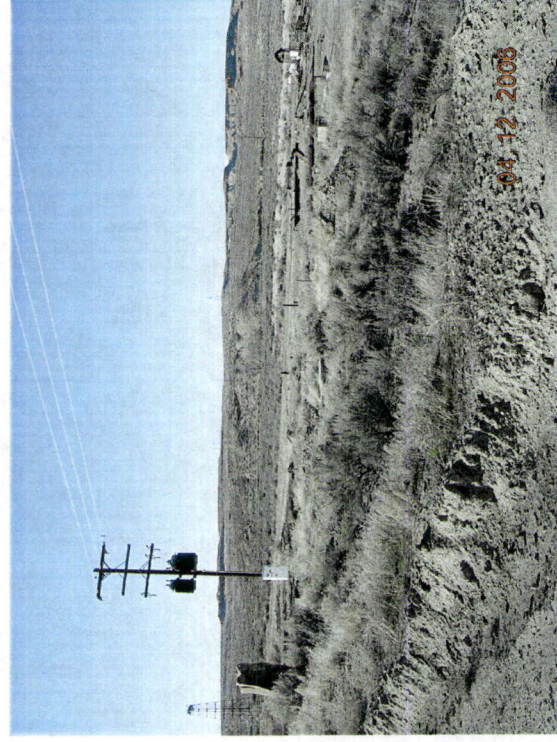


Photo 8. E30.



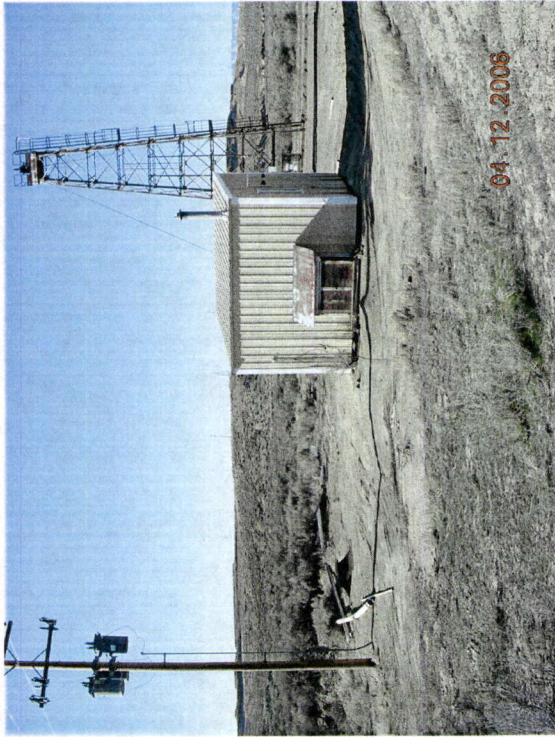


Photo 9. E30W.

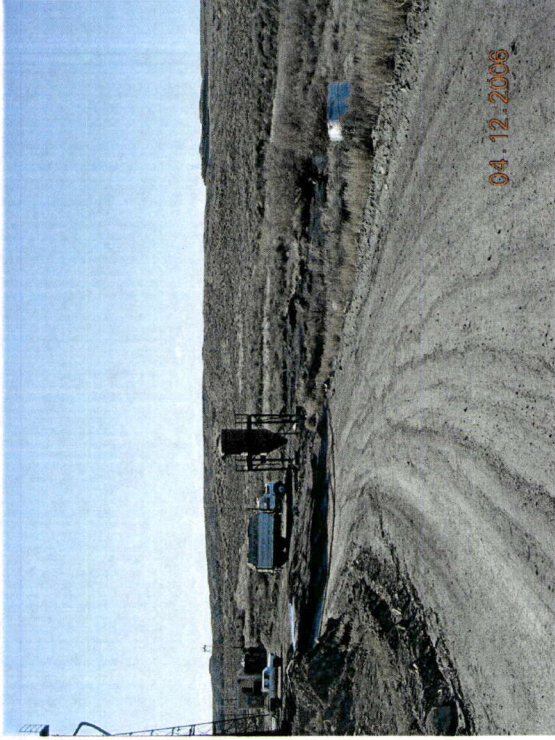


Photo 11. E31.

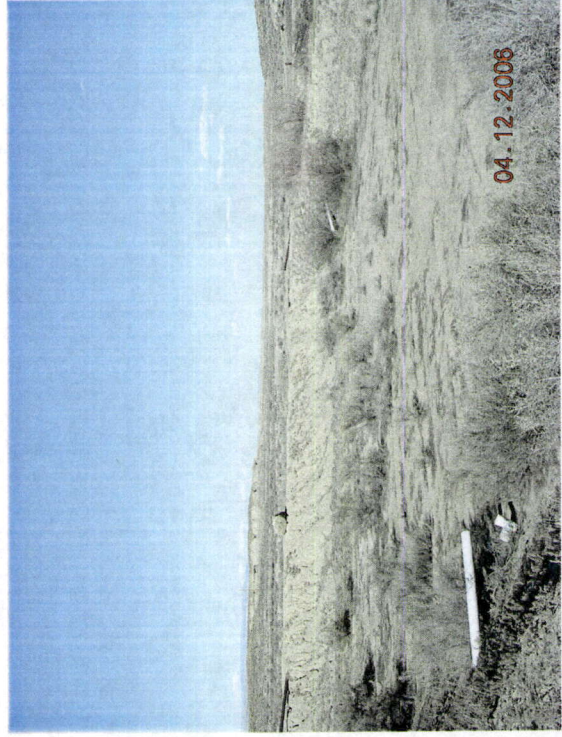


Photo 10. Pond near E30W.

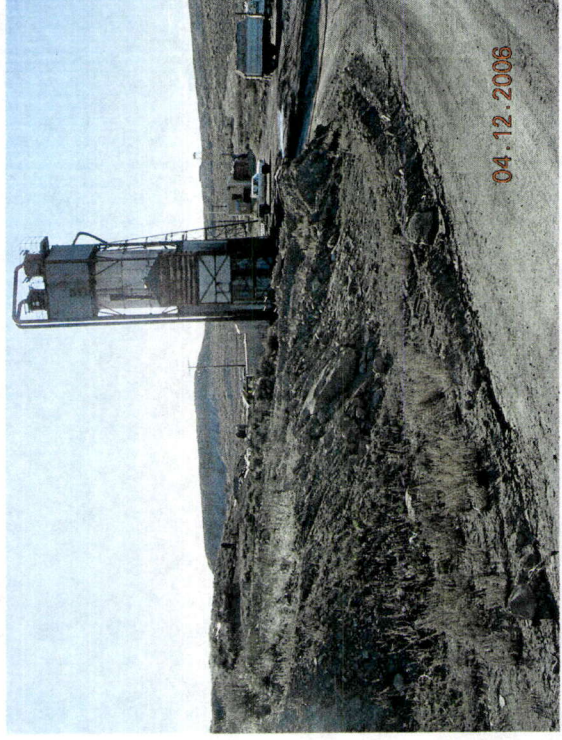


Photo 12. E31.





Photo 13. E32.

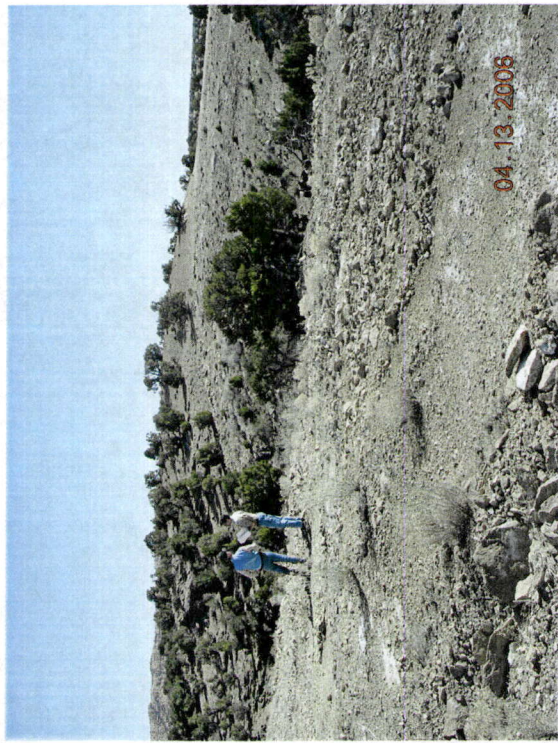


Photo 14. H2.

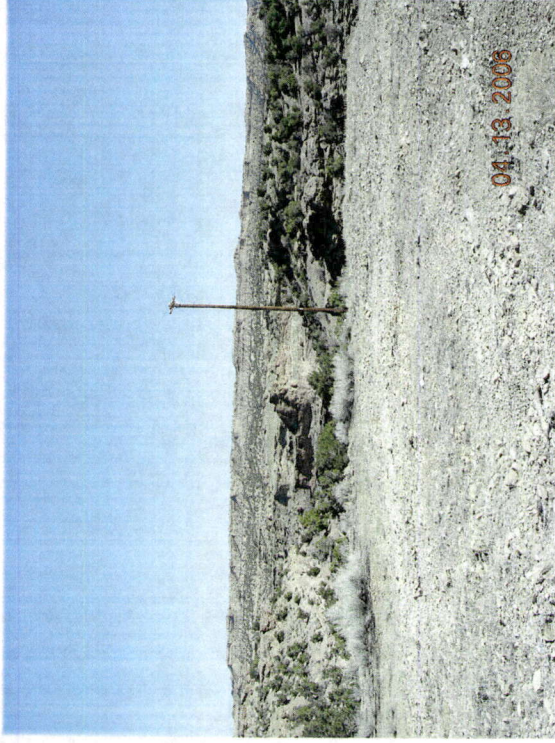


Photo 15. H2.

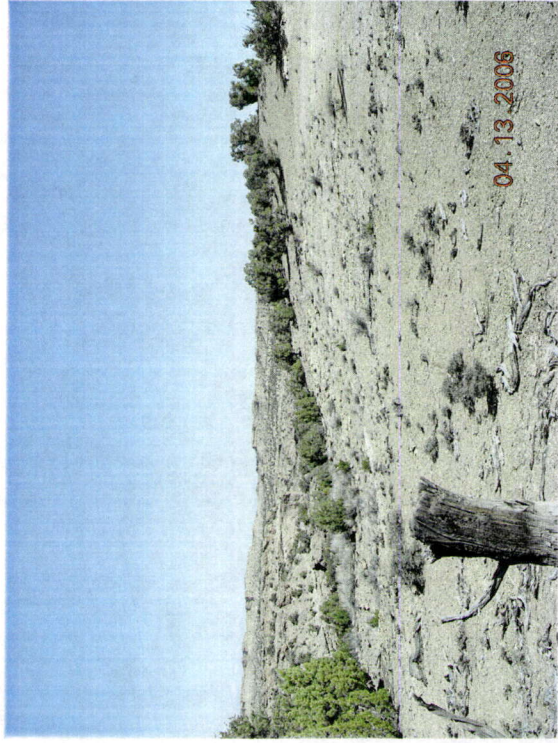


Photo 16. Undisturbed ridge near H2.



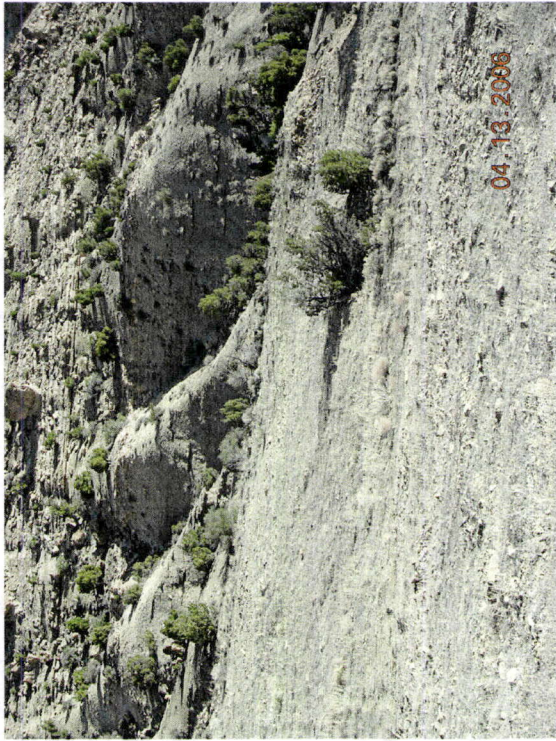


Photo 17. H10.

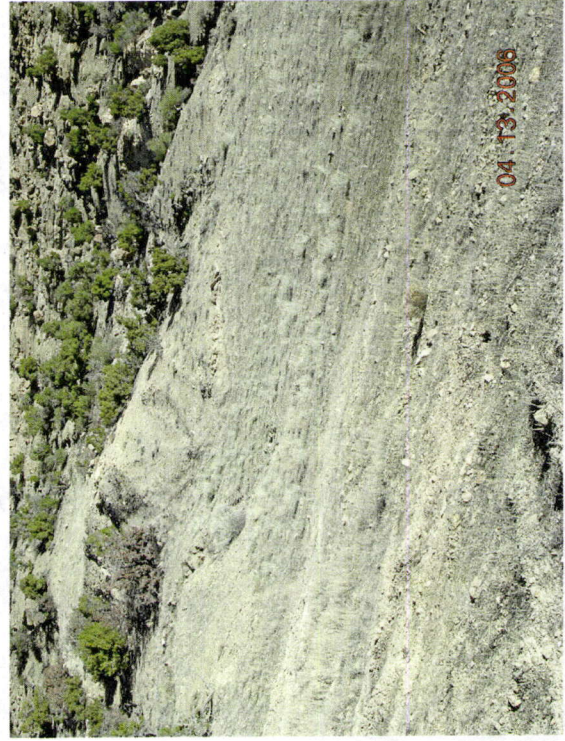


Photo 18. H10.

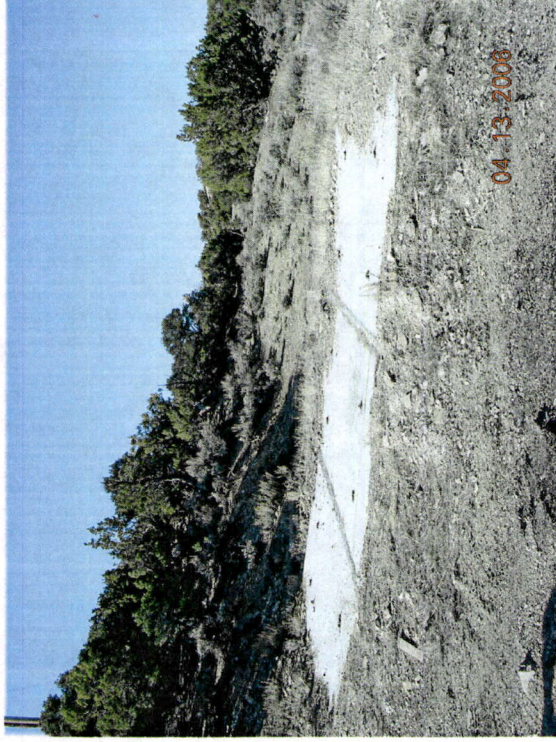


Photo 19. Cap on R2. Since the last inspection, the operator sealed the cracks between the concrete slabs.



Photo 20. Vegetation at R2.





**Photo 21. Road leading to R4.**



**Photo 22. Overview of R4 area.**



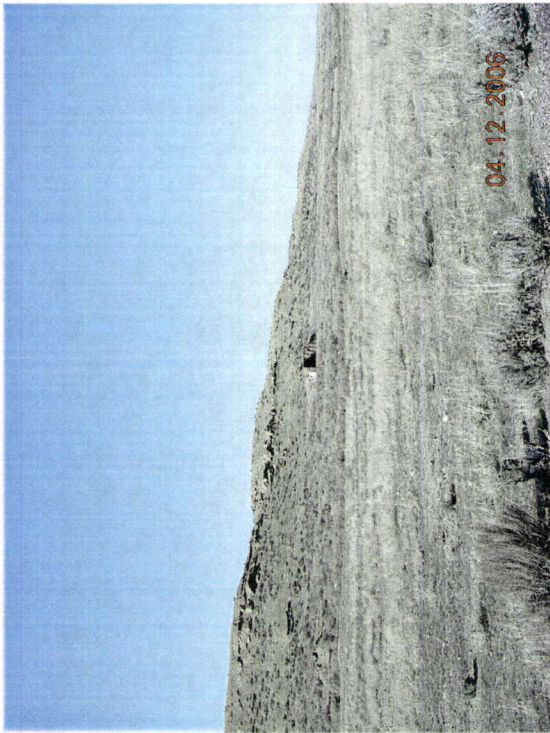


Photo 1. Explosives magazine.

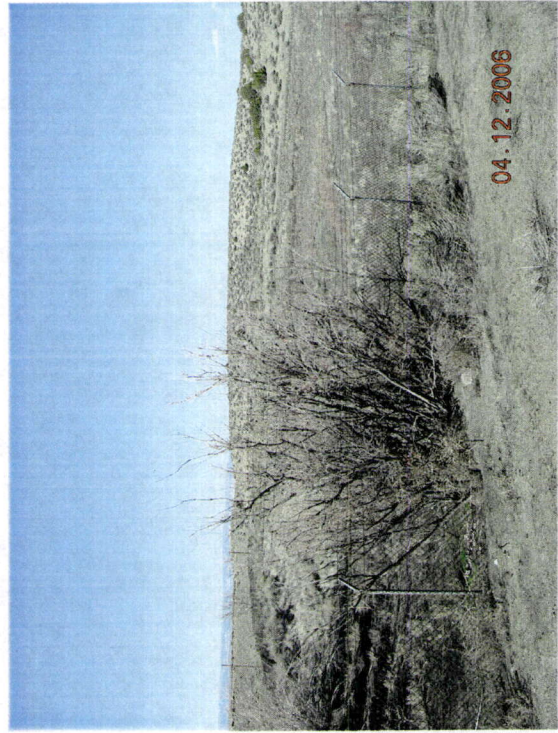


Photo 2. Reservoir.



Photo 3. Solar pad.



Photo 4. Crushing plant.



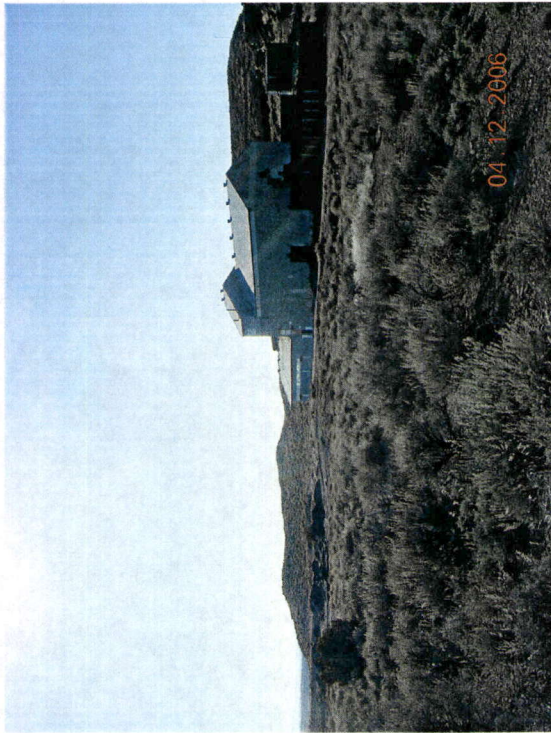


Photo 5. Pump station and ponds area now being used for storage.



Photo 6. This is an area along the White River where the operator has wells.



Photo 7. Another view of some of the wells at the White River.